

C. ESTIMATED OPERATIONS AND STATUS OF THE TRUST FUNDS DURING THE PERIOD OCTOBER 1, 1988, TO DECEMBER 31, 1993

This subsection presents estimates of the operations and status of the OASI and DI Trust Funds during the period October 1, 1988, to December 31, 1993, based on the assumptions described in the preceding subsections. As previously stated, no changes are assumed to occur in the present statutory provisions and regulations under which the OASDI program operates.¹

These estimates indicate that the assets of the OASI and DI Trust Funds would be sufficient to permit the timely payment of benefits throughout the short-range period under each of the four sets of assumptions shown. The assets of the OASI Trust Fund are estimated to increase substantially during 1989-93 under each alternative. DI assets are expected to increase slowly in 1989 and at a much faster rate in 1990-93. Under adverse conditions, however, the growth in DI assets would cease near the end of the 5-year projection period, and DI assets would be depleted within another 5 years thereafter.

The estimated operations of the OASI Trust Fund shown in this report are substantially more favorable than the corresponding estimates in the 1988 Annual Report. This improvement is attributable to the net effect of a number of factors. Income is significantly greater than projected in the 1988 Annual Report as a result of (1) actual economic experience in 1988 that was better than had been assumed, (2) higher projected ratios of wage income to total national income (reflecting an unusually large upward revision in the data on recent actual experience for this ratio), and (3) higher interest earnings (in part due to the greater level of trust fund assets and in part to higher assumed interest rates). With the exception of alternative III, projected OASI benefit payments are slightly higher than in the 1988 Annual Report, reflecting the net effect of (1) the actual 4.0-percent benefit increase for December 1988 that was higher than assumed, and (2) somewhat higher wage and price assumptions for future years. Under alternative III, projected OASI benefit payments are somewhat lower than in the 1988 Annual Report, primarily as a result of a lower benefit increase for December 1988 than had been assumed.

For the DI Trust Fund during 1989-93, the estimated operations in this report under all four alternatives are somewhat better than the corresponding estimates from the 1988 report. This improvement is primarily attributable to the 1988 economic performance and other factors cited above.

OASI Trust Fund operations

Estimates of the operations and status of the OASI Trust Fund during calendar years 1989-93 are shown in table 13 based on each of the four

¹ The estimates shown in this subsection reflect 12 months of benefit payments in each year of the short-range projection period. In practice, 13 benefit payments can be made in certain years, with the next year having only 11 payments. This situation can result from the statutory requirement that benefit checks be delivered early when the normal check delivery date is a Saturday, Sunday, or legal public holiday. For example, the benefit checks for December 1987 would normally have been delivered on January 3, 1988; however, because that day was a Sunday, and the two preceding days were a Saturday and a holiday, the checks were actually delivered on December 31, 1987. The annual benefit figures are shown as if those benefit checks had been delivered on the usual date.

alternative sets of assumptions, which are described in a preceding subsection. Actual operations for calendar year 1988 are also shown in the table.

The increases in estimated income shown in table 13 on the basis of each set of assumptions reflect increases in estimated taxable earnings as well as the increase in the OASI tax rate scheduled to become effective for 1990. For each alternative, employment and earnings are assumed to increase in every year through 1993 (except that employment declines temporarily during each of the economic recessions assumed under alternative III). The number of persons with taxable earnings under the OASDI program is expected to increase on the basis of alternatives I, II-A, II-B, and III, from 128 million during calendar year 1988 to about 136 million, 135 million, 134 million, and 131 million, respectively, by 1993. The total annual amount of taxable earnings is expected to increase from about \$2,117 billion in 1988 to \$2,917 billion, \$2,887 billion, \$2,909 billion, and \$2,772 billion, in 1993, on the basis of alternatives I, II-A, II-B, and III, respectively. (In 1988 dollars—taking account of assumed increases in the CPI from 1988 to 1993 based on each alternative—the estimated amounts of taxable earnings in 1993 are \$2,530 billion, \$2,353 billion, \$2,341 billion, and \$2,092 billion, on the basis of alternatives I, II-A, II-B, and III, respectively.) These increases are due in part to the increases in the contribution and benefit base assumed to occur in 1989-93 under the automatic-adjustment provisions. The increases in taxable earnings are also due to (1) projected increases in employment levels and average earnings in covered employment, and (2) various provisions enacted into law in 1983-87, including the mandatory coverage of all newly hired Federal civilian employees and the voluntary coverage of certain Federal employees who were not previously covered.

TABLE 13.—ESTIMATED OPERATIONS OF THE OASI TRUST FUND BY ALTERNATIVE, CALENDAR YEARS 1988-93
[Amounts in billions]

Calendar year	Income	Disbursements	Net increase in fund	Fund at end of year	Contingency fund	
					Amount ¹	Ratio ²
1988 ^a	\$240.8	\$200.0	\$40.7	\$102.9	\$81.9	41
Alternative I:						
1989	270.1	211.8	58.2	161.1	125.4	59
1990	294.0	225.1	68.9	230.0	185.4	82
1991	317.7	237.0	80.6	310.7	255.9	108
1992	341.6	248.4	93.1	403.8	338.1	136
1993	365.7	259.4	106.2	510.1	432.4	167
Alternative II-A:						
1989	268.9	212.0	56.9	159.8	125.4	59
1990	292.8	225.5	67.3	227.2	184.0	82
1991	315.3	239.6	75.7	302.8	252.8	105
1992	338.6	252.4	86.2	389.0	329.9	131
1993	362.5	265.1	97.5	486.5	417.4	157
Alternative II-B:						
1989	269.1	212.0	57.0	159.9	125.4	59
1990	292.2	228.0	64.2	224.1	184.0	81
1991	314.8	243.7	71.2	295.3	249.7	102
1992	339.5	259.4	80.1	375.4	322.4	124
1993	366.5	275.8	90.7	466.1	403.9	146

TABLE 13.—ESTIMATED OPERATIONS OF THE OASI TRUST FUND BY ALTERNATIVE,
CALENDAR YEARS 1988-93 (Cont.)
(Amounts in billions)

Calendar year	Income	Disbursements	Net increase in fund	Fund at end of year	Contingency fund	
					Amount ¹	Ratio ²
Alternative III:						
1989	\$263.1	\$212.2	\$50.9	\$153.8	\$125.4	59
1990	280.7	229.8	50.8	204.6	176.8	77
1991	303.4	249.0	54.4	259.0	223.2	92
1992	329.9	270.4	59.5	318.5	285.5	106
1993	349.0	292.3	56.6	375.1	345.7	118

¹Represents assets at beginning of year, plus advance tax transfers for January.

²Represents assets at beginning of year, plus advance tax transfers, as a percentage of disbursements during the year. See text concerning interpretation of these ratios.

³Figures for 1988 represent actual experience.

Note: Totals do not necessarily equal the sums of rounded components.

Rising disbursements during calendar years 1989-93 reflect the effects of the assumed automatic benefit increases previously shown, as well as the long-range upward trend in the numbers of beneficiaries and in the amounts of average monthly earnings underlying benefits payable by the program. The growth in the number of beneficiaries in the past and the expected growth in the future result both from the increase in the aged population and from the increase in the proportion of the population which is eligible for benefits. The latter increase is primarily due to various amendments enacted after 1950, which modified eligibility provisions and extended coverage to additional categories of employment.

Growth has also occurred, and will continue to occur, in the proportion of eligible persons who, in fact, receive benefits. This growth is due to several factors, among which are (1) the amendments enacted since 1950 which affect the conditions governing the receipt of benefits and (2) the increasing percentage of eligible persons who are aged 70 and over and who therefore may receive benefits regardless of earnings.

The estimates shown in table 13 indicate that income would exceed disbursements in every year of the short-range projection period, based on each of the four alternative sets of assumptions used in this report. The assets of the OASI Trust Fund at the beginning of 1988, including advance tax transfers for January, were equal to 41 percent of the fund's disbursements in 1988. As described in the introduction to this section, this ratio is known as the "contingency fund ratio"; it provides a useful measure of the relative level of trust fund assets. During 1988, income exceeded disbursements by \$40.7 billion. As a result, the contingency fund ratio increased to about 59 percent at the beginning of 1989.

Assets are estimated to increase substantially in each year of the short-range projection period, based on each of the four alternative sets of assumptions. The increase in the contingency fund ratio from the relatively low level of 59 percent at the beginning of 1989 to more adequate levels during the projection period is due, in part, to the increase in the OASI tax rate that became effective for 1988, and also to the increase scheduled for 1990 under present law. Asset growth is also assisted by recent increases in taxable earnings that have generally exceeded the rate of growth in benefit payments and the expected continuation of this experience (except under alternative III).

In interpreting the contingency fund ratios in table 13, it should be noted that, at the beginning of any month, assets of at least 8-9 percent of annual expenditures are required to make the benefit payments that are due at the beginning of the month. Therefore, the difference between the estimated contingency fund ratios shown above, and the minimum level of 8-9 percent, represents the reserve available to handle adverse contingencies.

DI Trust Fund operations

The estimated operations and status of the DI Trust Fund during calendar years 1989-93 on the basis of the four sets of assumptions are shown in table 14, together with figures on actual experience in 1988. On the basis of each alternative, income is estimated to increase rapidly during 1989-93. This increase reflects the same factors, insofar as they apply to income to the DI Trust Fund, that are reflected in the estimated increase in income to the OASI Trust Fund during the same period.

TABLE 14.— ESTIMATED OPERATIONS OF THE DI TRUST FUND BY ALTERNATIVE, CALENDAR YEARS 1988-93
[Amounts in billions]

Calendar year	Income	Disbursements	Net increase in fund	Fund at end of year	Contingency fund	
					Amount ^a	Ratio ^a
1988 ^b	\$22.7	\$22.5	\$0.2	\$6.9	\$8.6	38
Alternative I:						
1989.....	25.3	23.3	2.0	8.8	9.0	39
1990.....	30.3	24.4	6.0	14.8	11.4	47
1991.....	32.9	25.3	7.6	22.4	17.5	69
1992.....	35.4	26.5	8.9	31.3	25.3	96
1993.....	37.9	27.7	10.2	41.5	34.3	124
Alternative II-A:						
1989.....	25.1	23.7	1.5	8.3	9.0	38
1990.....	30.1	24.9	5.2	13.6	10.9	44
1991.....	32.5	26.3	6.2	19.8	16.3	62
1992.....	34.8	27.8	7.1	26.9	22.7	82
1993.....	37.3	29.5	7.7	34.6	29.8	101
Alternative II-B:						
1989.....	25.2	23.7	1.5	8.3	9.0	38
1990.....	30.0	25.2	4.8	13.2	10.8	43
1991.....	32.4	26.7	5.7	18.9	15.9	60
1992.....	34.9	28.5	6.4	25.3	21.8	76
1993.....	37.6	30.6	7.0	32.3	28.3	93
Alternative III:						
1989.....	24.6	24.2	.3	7.2	9.0	37
1990.....	26.7	26.1	2.6	9.7	9.6	37
1991.....	30.9	28.4	2.6	12.3	12.3	43
1992.....	33.4	31.2	2.2	14.5	15.1	48
1993.....	34.9	34.5	.5	14.9	17.3	50

^aSee footnote 1 of table 13.

^bSee footnote 2 of table 13.

^cSee footnote 3 of table 13.

Note: Totals do not necessarily equal the sums of rounded components.

Disbursements are estimated to increase because of automatic benefit increases and because of projected increases in the amounts of average monthly earnings on which benefits are based. In addition, on the basis of all four sets of assumptions, the number of DI beneficiaries is projected to continue increasing throughout the short-range projection period.

The projected growth in the number of DI beneficiaries primarily reflects the effects of (1) gradual increases in the number of persons estimated to be insured for disability benefits and (2) assumed increases

in the proportion of those insured who become disabled. The proportion of insured workers who become disabled in a given year has fluctuated substantially in past years, and the causes for the variation have not been precisely determined. The trend has generally been upward since 1982, but shows some signs of leveling off. An increasing trend has been projected in past annual reports; actual increases, however, have generally been larger than expected. In this report, the proportion of workers becoming disabled is assumed to continue increasing beyond the short-range period but is not assumed to return to the high levels experienced during the 1970s.

The continuing spread of Acquired Immunodeficiency Syndrome (AIDS) has recently contributed to a significant increase in both DI awards and terminations. Due to the extremely high mortality rates of affected individuals, however, the total number of disabled workers currently receiving benefits has not increased greatly as a result of AIDS. Although many aspects of AIDS are well understood, there remains considerable uncertainty regarding future medical advances and future incidence of the disease. To reflect this uncertainty, the projected numbers of benefit awards to AIDS patients (and their projected longevity) are varied by alternative. Through 1992, the projected range of results under the alternative sets of assumptions is very similar to the corresponding range developed by the Centers for Disease Control. Under the intermediate sets of assumptions, benefit awards to people with AIDS are projected to continue to increase rapidly in the short range. Under alternative I the number of new awards begins to decline in the near future, while the number projected under alternative III increases at a very rapid rate throughout the short-range period.

At the beginning of 1988, the assets of the DI Trust Fund (including advance tax transfers for January) represented 38 percent of annual expenditures. During 1988, DI income exceeded DI expenditures by about \$0.2 billion. Thus, DI assets increased slightly during the year, and the contingency fund ratio remained at about 38 percent for the beginning of 1989. Income is estimated to exceed expenditures through 1993 under each of the alternative sets of assumptions, as a result of the recent favorable economic experience (described previously) and the increase in the DI tax rate scheduled for 1990. Under alternatives I, II-A, and II-B, the DI contingency fund ratio is projected to increase steadily in 1989-93, reaching more than 90 percent by the beginning of 1993, based on alternative II-B, or higher levels, based on alternatives I or II-A.

Under the conditions assumed for alternative III, DI assets would grow slowly in 1989-93, to about 50 percent of annual expenditures at the beginning of 1993. As will be discussed in the next section, under the alternative III assumptions, the DI Trust Fund would begin to decline rapidly in 1994 and would be depleted in 1998 in the absence of corrective legislation.

Combined OASI and DI Trust Fund operations

The estimated operations and status of the OASI and DI Trust Funds, combined, during calendar years 1989-93 on the basis of the four alternatives, are shown in table 15, together with figures on actual

experience in 1988. These figures are the sums of the corresponding figures shown in tables 13 and 14.

TABLE 15.— ESTIMATED OPERATIONS OF THE OASI AND DI TRUST FUNDS, COMBINED, BY ALTERNATIVE, CALENDAR YEARS 1988-93
(Amounts in billions)

Calendar year	Income	Disbursements	Net increase in funds	Funds at end of year	Contingency fund	
					Amount ¹	Ratio ²
1988 ³	\$263.5	\$222.5	\$41.0	\$109.8	\$90.5	41
Alternative I:						
1989.....	295.3	235.2	60.2	169.9	134.4	57
1990.....	324.4	249.5	74.9	244.8	196.7	79
1991.....	350.6	262.3	88.2	333.1	273.4	104
1992.....	376.9	274.9	102.0	435.1	363.3	132
1993.....	403.5	287.1	116.4	551.6	466.8	163
Alternative II-A:						
1989.....	294.1	235.7	58.4	168.1	134.4	57
1990.....	322.9	250.4	72.6	240.7	194.8	78
1991.....	347.8	265.9	81.9	322.6	269.1	101
1992.....	373.4	280.1	93.3	415.9	352.6	126
1993.....	399.8	294.6	105.2	521.1	447.2	152
Alternative II-B:						
1989.....	294.2	235.7	58.5	168.3	134.4	57
1990.....	322.2	253.2	69.1	237.3	194.8	77
1991.....	347.2	270.3	76.9	314.2	265.6	98
1992.....	374.4	287.9	86.5	400.7	344.2	120
1993.....	404.1	306.4	97.6	498.4	432.2	141
Alternative III:						
1989.....	287.7	236.5	51.2	161.0	134.4	57
1990.....	309.3	256.0	53.4	214.3	186.4	73
1991.....	334.3	277.4	57.0	271.3	241.5	87
1992.....	363.2	301.6	61.7	332.9	300.7	100
1993.....	383.9	326.8	57.1	390.0	363.0	111

¹See footnote 1 of table 13.

²See footnote 2 of table 13.

³See footnote 3 of table 13.

Note: Totals do not necessarily equal the sums of rounded components.

At the beginning of 1988, the contingency fund ratio for the OASI and DI Trust Funds combined was 41 percent, as shown in table 15. During 1988, total income to the two trust funds was \$41.0 billion higher than total expenditures, resulting in combined OASDI assets at the beginning of 1989 which represented about 57 percent of estimated combined expenditures for the year. Based on alternatives I, II-A, and II-B, the contingency fund ratio for the combined funds is projected to increase substantially, exceeding 140 percent at the beginning of 1993, based on alternative II-B, or higher levels, based on alternatives I or II-A. Under the alternative III assumptions, assets would grow more slowly, but would still reach 111 percent at the beginning of 1993. Under all four alternatives, the level of projected assets is significantly greater than the corresponding estimates from the 1988 Annual Report, primarily as a result of the higher level of wages in 1988 than had been previously projected.

Section 215(i) of the Social Security Act defines an "OASDI fund ratio" for the purpose of determining automatic benefit increases in 1984 and later. If this ratio is below a specified threshold, the benefit increase would be based on the lesser of certain wage and price increases. Following the final repayment in January 1986 of amounts borrowed from the HI Trust Fund, the "OASDI fund ratio" specified for the purpose of determining benefit increases is equal to the contingency fund

ratio shown in table 15. Under all four alternatives, this ratio would not be lower than the 20.0-percent threshold applicable in 1989 and later. Thus, the benefit-increase "stabilizer" provision would not be triggered at any time during the short-range projection period under any of the sets of assumptions used in this report.

Figure 1 illustrates the pattern of the estimated future contingency fund ratios under the four alternatives for OASI and DI, combined. Contingency fund ratios for selected years prior to 1989, and estimates for 1989-93 under the four alternatives, are shown in table 16 for OASI, DI, and both funds combined. In evaluating the ratios shown in figure 1 and table 16, it should be recalled that a minimum of 8-9 percent is needed to meet monthly cash-flow requirements. The shaded area in figure 1 depicts this requirement.

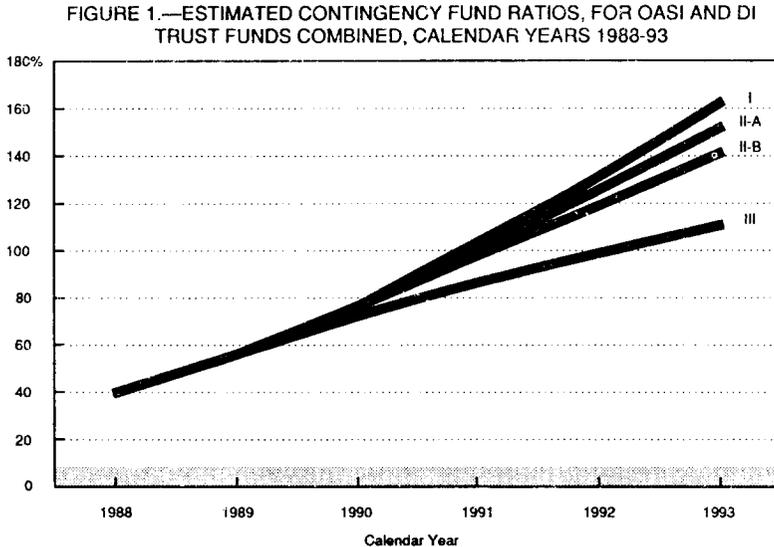


TABLE 16.—CONTINGENCY FUND RATIOS¹ BY TRUST FUND, SELECTED CALENDAR YEARS 1950-88, AND ESTIMATED FUTURE RATIOS BY ALTERNATIVE, CALENDAR YEARS 1989-93
[In percent]

Calendar year	OASI Trust Fund	DI Trust Fund	OASI and DI Trust Funds, combined
Past experience:			
1950.....	1,156	—	1,156
1955.....	405	—	405
1960.....	180	304	186
1965.....	109	121	110
1970.....	101	126	103
1975.....	63	92	66
1980.....	23	35	25
1981.....	18	21	18
1982.....	15	17	15
1983.....	15	14	14
1984.....	20	35	21
1985.....	24	27	24
1986.....	28	38	29
1987.....	30	44	31
1988.....	41	38	41
Alternative I:			
1989.....	59	39	57
1990.....	82	47	79
1991.....	108	69	104
1992.....	136	96	132
1993.....	167	124	163
Alternative II-A:			
1989.....	59	38	57
1990.....	82	44	76
1991.....	105	62	101
1992.....	131	82	126
1993.....	157	101	152
Alternative II-B:			
1989.....	59	38	57
1990.....	81	43	77
1991.....	102	60	98
1992.....	124	76	120
1993.....	146	93	141
Alternative III:			
1989.....	59	37	57
1990.....	77	37	73
1991.....	92	43	87
1992.....	106	48	100
1993.....	118	50	111

¹See footnote 2 of table 13 for definition of contingency fund ratio.

Table 17 shows that expenditures in calendar year 1988 from both trust funds, combined, were about 10.5 percent of taxable payroll for the year—1.8 percentage points less than the income rate of 12.3 percent. Since 1982, the cost rate has fallen steadily—from 11.9 percent in 1982 to 10.5 percent in 1988. This reduction is primarily attributable to the combined effect of (1) the continuing favorable economic experience, which has resulted in faster growth in covered earnings than in benefit payments, and (2) the declining proportion of beneficiaries with benefits determined under the computation method used prior to the 1977 amendments. As described in various other references, the benefit computation procedure in effect prior to the 1977 amendments had the unintended effect of increasing benefit levels for new beneficiaries at a faster rate than the increase in average wages. Other factors contributing to the recent decline in cost rates include rapid growth in the work force (as the last of the “baby boom” reached working age), declines in the number of certain types of beneficiaries (such as children of retired, disabled, or deceased workers) as a result of both demographic causes and various past amendments, and the provisions of the 1983 amendments that reduced benefits and expanded coverage of employment. Based on alternatives I and II-A, the cost rate is estimated to decline slowly during the short-range projection period, reaching 9.86 and 10.22 percent, respectively, in 1993. Based on alternative II-B, the cost rate would remain in the neighborhood of 10.5 percent through 1993. Under alternative III, it would increase significantly, to 11.81 percent in 1993. These percentages are shown in table 17 for both trust funds, separately and combined. Table 17 also shows a comparison of the cost rates with the corresponding income rates. As explained previously, the income rate represents the sum of the combined employee-employer contribution rate and the income derived from the Federal income taxation of OASDI benefits, expressed as a percentage of effective taxable payroll. The difference between the income rate and the cost rate for a given year is referred to as the “balance” for that year.

TABLE 17.—COMPARISON OF INCOME RATES AND COST RATES, BY TRUST FUND, SELECTED CALENDAR YEARS 1950-88, AND ESTIMATED RATES BY ALTERNATIVE, CALENDAR YEARS 1989-93
 (As a percentage of taxable payroll)

Calendar year	OASI Trust Fund			DI Trust Fund			Total		
	Income rate	Cost rate	Balance	Income rate	Cost rate	Balance	Income rate	Cost rate	Balance
Past experience:									
1950	3.00	1.17	1.83	—	—	—	3.00	1.17	1.83
1955	4.00	3.34	.66	—	—	—	4.00	3.34	.66
1960	5.50	5.59	-.09	0.50	0.30	0.20	6.00	5.89	.11
1965	6.75	7.23	-.48	.50	.70	-.20	7.25	7.93	-.68
1970	7.50	7.32	-.02	1.10	.81	.29	8.40	8.12	.28
1975	8.75	9.29	-.54	1.15	1.36	-.21	9.90	10.65	-.75
1980	9.04	9.36	-.32	1.12	1.38	-.26	10.16	10.74	-.58
1981	9.40	9.97	-.57	1.30	1.39	-.09	10.70	11.36	-.66
1982	9.15	10.59	-1.44	1.65	1.34	.31	10.80	11.94	-1.14
1983	9.91	10.27	-.36	1.33	1.22	.10	11.24	11.50	-.26
1984 ^a	10.58	10.08	.50	1.01	1.16	-.14	11.59	11.24	.35
1985 ^a	10.72	9.99	.72	1.07	1.14	-.07	11.79	11.13	.66
1986 ^a	10.59	9.86	.73	1.01	1.12	-.11	11.60	10.98	.62
1987 ^a	10.57	9.63	.94	1.00	1.10	-.10	11.57	10.72	.84
1988 ^a	11.22	9.46	1.76	1.06	1.06	(^b)	12.28	10.53	1.76
Alternative I:									
1989	11.23	9.27	1.96	1.07	1.02	.05	12.30	10.29	2.00
1990	11.38	9.26	2.12	1.21	1.00	.21	12.59	10.26	2.33
1991	11.38	9.14	2.24	1.21	.98	.23	12.59	10.12	2.48
1992	11.38	9.03	2.36	1.21	.96	.25	12.60	9.99	2.61
1993	11.39	8.91	2.48	1.21	.95	.26	12.60	9.86	2.73
Alternative II-A:									
1989	11.23	9.32	1.91	1.07	1.04	.03	12.30	10.36	1.94
1990	11.39	9.33	2.07	1.21	1.03	.18	12.61	10.36	2.25
1991	11.39	9.32	2.07	1.21	1.02	.19	12.60	10.34	2.25
1992	11.39	9.26	2.13	1.21	1.02	.19	12.60	10.28	2.32
1993	11.39	9.20	2.19	1.21	1.02	.19	12.60	10.22	2.38
Alternative II-B:									
1989	11.23	9.32	1.91	1.07	1.04	.03	12.30	10.36	1.94
1990	11.42	9.48	1.94	1.21	1.05	.17	12.63	10.52	2.11
1991	11.39	9.51	1.88	1.21	1.04	.17	12.60	10.55	2.05
1992	11.39	9.52	1.87	1.21	1.05	.17	12.61	10.57	2.04
1993	11.40	9.50	1.90	1.21	1.05	.16	12.61	10.56	2.05
Alternative III:									
1989	11.23	9.56	1.68	1.07	1.09	-.02	12.30	10.65	1.65
1990	11.44	9.96	1.48	1.22	1.13	.08	12.65	11.09	1.56
1991	11.40	10.05	1.35	1.21	1.15	.07	12.61	11.20	1.41
1992	11.41	10.19	1.22	1.21	1.18	.04	12.62	11.37	1.26
1993	11.42	10.56	.86	1.21	1.25	-.03	12.64	11.81	.83

^aIncome rates for 1983, 1985, and 1990 are adjusted to include the lump-sum payments from the general fund of the Treasury (or adjustments to such payments) for the cost of noncontributory wage credits for military service in 1940-56.

^bFigures shown are preliminary.

^cIncome rate differs from cost rate by less than 0.005 percent of taxable payroll.

Note: Totals do not necessarily equal the sums of rounded components.

As stated previously, estimates of the operations of the trust funds during calendar years 1989-93 have been presented in the preceding tables of this section on the basis of four different sets of economic assumptions, because of the uncertainty of future economic and demographic developments. Under the provisions of the Social Security Act, however, estimates of the expected operations and status of the trust funds during the next 5 *fiscal* years are required to be shown in this report. Accordingly, detailed estimates of the expected operations and status of the trust funds during each fiscal year 1989-93 are shown in the remaining tables of this section for the two intermediate sets of assumptions (alternatives II-A and II-B) only. Similar detailed estimates are also shown on a calendar-year basis for 1989-93.

Data on the actual operations of the OASI Trust Fund for selected years during 1940-88, and estimates of the expected operations of the trust fund during 1989-93 on the basis of the intermediate sets of assumptions, are shown in tables 18 and 19 on a fiscal- and calendar-year basis, respectively. Corresponding figures on the operations of the DI Trust Fund are shown in tables 20 and 21. Operations of both trust funds combined are shown in tables 22 and 23. (Data relating to the operations of the two trust funds for years not shown in tables 18-23 are contained in past annual reports.) The figures shown in tables 19, 21, and 23 for 1981, 1982, 1987, and 1988 are adjusted to reflect 12 months of benefit payments in each year. Similarly, the estimated figures for 1992 and 1993 are also so adjusted.

TABLE 18.—OPERATIONS OF THE OASI TRUST FUND DURING SELECTED FISCAL YEARS 1940-88 AND ESTIMATED FUTURE OPERATIONS DURING FISCAL YEARS 1989-93 ON THE BASIS OF THE INTERMEDIATE SETS OF ASSUMPTIONS
[In millions]

Fiscal year ¹	Income					Disbursements						Fund at end of period
	Total	Net contributions ²	Income from taxation of benefits	Payments from the general fund of the Treasury ³	Net interest ⁴	Total	Benefit payments ⁵	Administrative expenses	Transfers to Railroad Retirement program	Interfund borrowing transfers ⁶	Net increase in fund	
Past experience:												
1940	\$592	\$550	—	—	\$42	\$28	\$16	\$12	—	—	\$564	\$1,745
1945	1,434	1,310	—	—	124	267	240	27	—	—	1,167	6,613
1950	2,367	2,106	—	\$4	257	784	727	57	—	—	1,583	12,693
1955	5,525	5,087	—	—	438	4,427	4,333	103	—	—	1,098	21,141
1960	10,360	9,843	—	—	517	11,073	10,270	202	—	—	—	20,829
1965	16,443	15,857	—	—	586	15,962	15,226	300	—	—	—	20,180
1970	31,746	29,955	—	442	1,350	27,321	26,268	474	—	—	—	4,425
1975	58,757	56,017	—	447	2,292	56,676	54,847	848	—	—	—	2,081
1980	100,051	97,608	—	557	1,886	103,228	100,626	1,160	—	—	—	—
1981	121,572	119,016	—	540	2,016	122,304	119,421	1,298	—	—	—	—
1982	126,829	124,246	—	675	1,708	137,928	134,661	1,474	—	—	—	—
1983	148,434	136,127	—	6,098	6,210	151,827	148,025	1,551	—	—	—	—
1984	180,729	158,553	\$2,132	125	1,919	159,820	155,931	1,585	—	—	—	—
1985	179,881	175,305	3,151	105	1,321	169,210	165,310	1,589	—	—	—	—
1986	195,331	187,007	3,329	2,293	2,701	178,534	174,340	1,609	—	—	—	—
1987	206,846	199,554	3,323	69	3,900	186,101	182,003	1,541	—	—	—	—
1988	235,720	226,409	3,335	55	5,922	197,021	192,502	1,729	—	—	—	—
Alternative II-A:												
1989	262,047	248,619	3,723	43	9,663	208,880	204,427	1,625	—	—	—	—
1990	285,222	266,078	4,217	34	14,892	222,039	217,377	1,661	—	—	—	—
1991	308,897	283,213	4,662	361	20,642	236,256	231,390	1,731	—	—	—	—
1992	330,331	298,813	5,063	21	26,435	249,194	244,078	1,793	—	—	—	—
1993	356,238	318,465	5,462	16	32,296	261,921	256,632	1,851	—	—	—	—
Alternative II-B:												
1989	262,403	248,947	3,723	43	9,691	208,880	204,427	1,625	—	—	—	—
1990	284,171	264,792	4,255	34	15,090	223,933	219,267	1,661	—	—	—	—
1991	306,561	282,160	4,735	834	20,833	239,913	234,997	1,736	—	—	—	—
1992	330,927	298,604	5,192	21	27,110	255,486	250,276	1,808	—	—	—	—
1993	359,241	320,191	5,669	16	33,365	271,789	266,342	1,880	—	—	—	—

See following page for footnotes.

¹Under the Congressional Budget Act of 1974 (Public Law 93-344), fiscal years 1977 and later consist of the 12 months ending on September 30 of each year. The act further provides that the calendar quarter July-September 1976 is a period of transition from fiscal year 1976, which ended on June 30, 1976, to fiscal year 1977, which began on October 1, 1976.

²Beginning in 1983, includes government contributions on deemed wage credits for military service in 1957 and later. The amount shown for 1983 includes, in addition to the annual contributions on 1983 wage credits, a net amount of \$5,388 million representing (1) retroactive contributions on deemed wage credits for military service in 1957-82, less (2) all reimbursements received prior to 1983 for the costs of such credits. An adjustment to these amounts totaling \$466 million was transferred to the trust fund from the general fund of the Treasury in 1984.

³Includes payments (1) in 1947-52 and in 1967 and later, for costs of noncontributory wage credits for military service performed before 1957; (2) in 1972-83, for costs of deemed wage credits for military service performed after 1956; and (3) in 1969 and later, for costs of benefits to certain uninsured persons who attained age 72 before 1968.

⁴Net interest includes net profits or losses on marketable investments. Beginning in 1967, administrative expenses are charged currently to the trust fund on an estimated basis, with a final adjustment, including interest, made in the following fiscal year. The amounts of these interest adjustments are included in net interest. For year prior to 1967, a description of the

method of accounting for administrative expenses is contained in the 1970 Annual Report. Beginning in 1983, these figures reflect payments from a borrowing trust fund to a lending trust fund for interest on amounts owed under the interfund borrowing provisions. Also, beginning in 1983, interest paid from the trust fund to the general fund on advance tax transfers is reflected. The amount shown for 1983 includes \$6,677 million in interest on (1) retroactive government contributions on deemed wage credits for military service in 1957-82, and (2) unnegotiated benefit checks issued before 1983. The amount shown for 1984 includes an interest adjustment of \$1,732 million on government contributions on deemed wage credits for military service in 1957-83. The amounts shown for 1985 and 1986 include interest adjustments of \$76.5 million and \$11.5 million, respectively, on unnegotiated checks issued before April 1985.

⁵Beginning in 1967, includes payments for vocational rehabilitation services furnished to disabled persons receiving benefits because of their disabilities. Beginning in 1983, amounts are reduced by amount of reimbursement for unnegotiated benefit checks. The amount shown for 1983 is reduced by \$288 million for all unnegotiated checks issued before 1983; reductions in subsequent years are relatively small.

⁶Positive figure represents amounts lent to the OASI Trust Fund from the DI and HI Trust Funds. Negative figures represent amounts repaid from the OASI Trust Fund to the DI and HI Trust Funds.

TABLE 19.—OPERATIONS OF THE OASI TRUST FUND DURING SELECTED CALENDAR YEARS 1940-88 AND ESTIMATED FUTURE OPERATIONS DURING CALENDAR YEARS 1989-93 ON THE BASIS OF THE INTERMEDIATE SETS OF ASSUMPTIONS
[In millions]

Calendar year	Income					Disbursements					Net increase in fund	Fund at end of period
	Total	Net contributions ¹	Income from taxation of benefits	Payments from the general fund of the Treasury ²	Net interest ³	Total	Benefit payments ⁴	Administrative expenses	Transfers to Railroad Retirement program	Interfund borrowing transfers ⁵		
Past experience:												
1940	\$368	\$325	—	—	\$43	\$62	\$35	\$26	—	—	\$306	\$2,031
1945	1,420	1,285	—	—	134	304	274	30	—	—	1,116	7,121
1950	2,928	2,667	—	\$4	257	1,022	961	61	—	—	1,905	13,721
1955	6,167	5,713	—	—	454	5,079	4,968	119	—	—	1,087	21,663
1960	11,382	10,866	—	—	516	11,198	10,677	203	318	—	184	20,324
1965	16,610	16,017	—	—	593	17,501	16,737	328	436	—	-890	18,235
1970	32,220	30,256	—	449	1,515	29,848	28,798	471	579	—	2,371	32,454
1975	59,605	56,816	—	425	2,364	60,395	58,517	896	982	—	-790	36,987
1980	105,841	103,456	—	540	1,845	107,678	105,083	1,154	1,442	—	-1,837	22,823
1981	125,361	122,627	—	675	2,060	126,695	123,803	1,307	1,585	—	-1,334	21,490
1982	125,198	123,673	—	680	845	142,119	138,806	1,519	1,793	\$17,519	598	22,088
1983	150,584	138,337	—	5,541	6,706	152,999	149,221	1,528	2,251	—	-2,416	19,672
1984	169,328	164,122	\$2,835	105	2,266	161,883	157,841	1,638	2,404	—	7,445	27,117
1985	184,239	176,958	3,208	2,203	1,871	171,150	167,248	1,592	2,310	-4,364	8,725	35,842
1986	197,393	190,741	3,424	160	3,069	181,000	176,813	1,601	2,585	-13,155	3,239	39,081
1987	210,736	202,735	3,257	55	4,690	187,668	183,587	1,524	2,557	—	23,068	62,149
1988	240,770	229,775	3,384	43	7,568	200,020	195,454	1,776	2,790	—	40,750	102,899
Alternative II-A:												
1989	268,943	252,809	3,854	34	12,247	212,031	207,601	1,601	2,828	—	56,913	159,812
1990	292,809	270,362	4,343	381	17,724	225,470	220,791	1,678	3,001	—	67,339	227,150
1991	315,321	287,001	4,765	21	23,534	239,636	234,755	1,746	3,135	—	75,685	302,835
1992	338,568	304,053	5,163	16	29,337	252,354	247,224	1,807	3,324	—	86,215	389,050
1993	362,533	321,762	5,561	12	35,198	265,051	259,750	1,864	3,438	—	97,482	486,532
Alternative II-B:												
1989	269,068	252,823	3,854	34	12,357	212,031	207,602	1,601	2,828	—	57,037	159,935
1990	292,195	269,074	4,392	834	17,895	227,996	223,312	1,679	3,004	—	64,199	224,134
1991	314,836	286,036	4,846	21	23,933	243,655	238,722	1,753	3,180	—	71,181	295,315
1992	339,495	303,985	5,308	16	30,186	259,387	254,160	1,825	3,402	—	80,108	375,423
1993	366,503	323,982	5,789	12	36,720	275,839	270,376	1,896	3,567	—	90,664	466,087

See following page for footnotes.

¹Beginning in 1983, includes government contributions on deemed wage credits for military service in 1957 and later. The amount shown for 1983 includes, in addition to the annual contributions on 1983 wage credits, a net amount of \$5,388 million representing (1) retroactive contributions on deemed wage credits for military service in 1957-82, less (2) all reimbursements received prior to 1983 for the costs of such credits. An adjustment to these amounts totaling \$466 million was transferred to the trust fund from the general fund of the Treasury in 1984.

²Includes payments (1) in 1947-51 and in 1966 and later, for costs of noncontributory wage credits for military service performed before 1957; (2) in 1971-82, for costs of deemed wage credits for military service performed after 1956; and (3) in 1968 and later, for costs of benefits to certain uninsured persons who attained age 72 before 1968.

³Net interest includes net profits or losses on marketable investments. Beginning in 1967, administrative expenses are charged currently to the trust fund on an estimated basis, with a final adjustment, including interest, made in the following fiscal year. The amounts of these interest adjustments are included in net interest. For years prior to 1967, a description of the method of accounting for administrative expenses is contained in the 1970 Annual Report. Beginning in 1983, these figures reflect payments from a borrowing trust fund to a lending trust

fund for interest on amounts owed under the interfund borrowing provisions. Also, beginning in 1983, interest paid from the trust fund to the general fund on advance tax transfers is reflected. The amount shown for 1983 includes \$6,677 million in interest on (1) retroactive government contributions on deemed wage credits for military service in 1957-82, and (2) unnegotiated benefit checks issued before 1983. The amount shown for 1984 includes an interest adjustment of \$1,732 million on government contributions on deemed wage credits for military service in 1957-83. The amount shown for 1985 includes an interest adjustment of \$88 million on unnegotiated checks issued before April 1985.

⁴Beginning in 1966, includes payments for vocational rehabilitation services furnished to disabled persons receiving benefits because of their disabilities. Beginning in 1983, amounts are reduced by amount of reimbursement for unnegotiated benefit checks. The amount shown for 1983 is reduced by \$288 million for all unnegotiated checks issued before 1983; reductions in subsequent years are relatively small.

⁵Positive figure represents amounts lent to the OASI Trust Fund from the DI and HI Trust Funds. Negative figures represent amounts repaid from the OASI Trust Fund to the DI and HI Trust Funds.

TABLE 20.—OPERATIONS OF THE DI TRUST FUND DURING SELECTED FISCAL YEARS 1960-88 AND ESTIMATED FUTURE OPERATIONS DURING FISCAL YEARS 1989-93 ON THE BASIS OF THE INTERMEDIATE SETS OF ASSUMPTIONS
[In millions]

Fiscal year ¹	Income					Disbursements							Fund at end of period
	Total	Net contributions ²	Income from taxation of benefits	Payments from the general fund of the Treasury ³	Net interest ⁴	Total	Benefit payments ⁵	Administrative expenses	Transfers to Railroad Retirement program	Interfund borrowing transfers ⁶	Net increase in fund		
Past experience:													
1960	\$1,034	\$987	—	—	\$47	\$533	\$528	\$32	-\$27	—	\$501	\$2,167	
1965	1,237	1,175	—	—	62	1,495	1,392	79	24	—	-257	2,007	
1970	4,380	4,141	—	\$16	223	2,954	2,795	149	10	—	1,426	5,104	
1975	7,920	7,356	—	52	512	7,982	7,701	253	29	—	-62	8,191	
1980	17,376	16,805	—	118	453	15,320	14,996	334	-12	—	2,056	7,680	
1981	12,993	12,589	—	130	273	17,280	16,846	405	29	—	-4,288	3,392	
1982	21,398	20,866	—	168	363	18,035	17,437	572	26	—	3,363	6,755	
1983	21,846	19,036	—	1,295	1,515	18,231	17,544	659	28	-\$5,081	-1,466	5,290	
1984	17,732	16,394	\$143	—	1,195	18,379	17,772	585	22	—	-647	4,643	
1985	17,984	16,876	217	—	891	19,294	18,648	603	43	2,540	1,230	5,873	
1986	20,130	18,139	229	1,017	746	20,196	19,529	600	68	2,541	2,475	8,348	
1987	20,047	19,324	716	—	738	21,222	20,427	738	57	—	-1,175	7,173	
1988	22,369	21,736	56	—	577	22,269	21,405	803	61	—	100	7,273	
Alternative II-A:													
1989	24,676	23,832	200	—	644	23,296	22,542	717	37	—	1,380	8,653	
1990	28,777	27,728	234	—	815	24,601	23,805	752	44	—	4,176	12,829	
1991	31,940	30,349	267	84	1,240	25,907	25,083	789	36	—	6,033	18,862	
1992	34,036	32,012	298	—	1,726	27,392	26,527	827	39	—	6,644	25,506	
1993	36,658	34,118	329	—	2,211	29,079	28,172	867	40	—	7,579	33,085	
Alternative II-B:													
1989	24,709	23,864	200	—	646	23,296	22,542	717	37	—	1,413	8,686	
1990	28,653	27,598	236	—	819	24,801	24,005	752	44	—	3,852	12,538	
1991	31,846	30,233	271	111	1,231	26,284	25,455	791	38	—	5,562	18,100	
1992	34,029	31,986	305	—	1,737	28,023	27,147	833	42	—	6,006	24,106	
1993	36,879	34,299	341	—	2,240	30,052	29,126	880	45	—	6,827	30,933	

See following page for footnotes.

¹Under the Congressional Budget Act of 1974 (Public Law 93-344), fiscal years 1977 and later consist of the 12 months ending on September 30 of each year. The act further provides that the calendar quarter July-September 1976 is a period of transition from fiscal year 1976, which ended on June 30, 1976, to fiscal year 1977, which began on October 1, 1976.

²Beginning in 1983, includes government contributions on deemed wage credits for military service in 1957 and later. The amount shown for 1983 includes, in addition to the annual contributions on 1983 wage credits, a net amount of \$402 million representing (1) retroactive contributions on deemed wage credits for military service in 1957-82, less (2) all reimbursements received prior to 1983 for the costs of such credits. An adjustment to these amounts totaling \$62 million was transferred to the trust fund from the general fund of the Treasury in 1984.

³Includes payments (1) in 1967 and later, for costs of noncontributory wage credits for military service performed before 1957, and (2) in 1972-83, for costs of deemed wage credits for military service performed after 1956.

⁴Net interest includes net profits or losses on marketable investments. Beginning in 1967, administrative expenses are charged currently to the trust fund on an estimated basis, with a final adjustment, including interest, made in the following fiscal year. The amounts of these interest adjustments are included in net interest. For years prior to 1967, a description of the method of accounting for administrative expenses is contained in the 1970 Annual Report.

Beginning in 1983, these figures reflect payments from a borrowing trust fund to a lending trust fund for interest on amounts owed under the interfund borrowing provisions. Also, beginning in 1983, interest paid from the trust fund to the general fund on advance tax transfers is reflected. The amount shown for 1983 includes \$660 million in interest on (1) retroactive government contributions on deemed wage credits for military service in 1957-82, and (2) unnegotiated benefit checks issued before 1983. The amount shown for 1984 includes an interest adjustment of \$169 million on government contributions on deemed wage credits for military service in 1957-83. The amount shown for 1985 includes an interest adjustment of \$14.8 million on unnegotiated checks issued before April 1985.

⁵Beginning in 1967, includes payments for vocational rehabilitation services furnished to disabled persons receiving benefits because of their disabilities. Beginning in 1983, amounts are reduced by amount of reimbursement for unnegotiated benefit checks. The amount shown for 1983 is reduced by \$48 million for all unnegotiated checks issued before 1983; reductions in subsequent years are relatively small.

⁶Negative figure represents amounts lent by the DI Trust Fund to the OASI Trust Fund. Positive figures represent repayment of these amounts.

⁷Reflects \$195 million in transfers from the DI Trust Fund to the general fund of the Treasury to correct estimated amounts transferred for calendar years 1984 and 1985.

TABLE 21.—OPERATIONS OF THE DI TRUST FUND DURING SELECTED CALENDAR YEARS 1960-88 AND ESTIMATED FUTURE OPERATIONS DURING CALENDAR YEARS 1989-93 ON THE BASIS OF THE INTERMEDIATE SETS OF ASSUMPTIONS
[In millions]

Calendar year	Income					Disbursements					Net increase in fund	Fund at end of period
	Total	Net contributions ¹	Income from taxation of benefits	Payments from the general fund of the Treasury ²	Net interest ³	Total	Benefit payments ⁴	Administrative expenses	Transfers to Railroad Retirement program	Interfund borrowing transfers ⁵		
Past experience:												
1960	\$1,063	\$1,010	—	—	\$53	\$600	\$568	\$36	-\$5	—	\$464	\$2,289
1965	1,247	1,188	—	—	59	1,687	1,573	90	24	—	-440	1,606
1970	4,774	4,481	—	\$16	277	3,259	3,085	164	10	—	1,514	5,614
1975	8,035	7,444	—	90	502	8,790	8,505	256	29	—	-754	7,354
1980	13,871	13,255	—	130	485	15,872	15,515	368	-12	—	-2,001	3,629
1981	17,078	16,738	—	168	172	17,658	17,192	436	29	—	-580	3,049
1982	22,715	21,995	—	174	546	17,992	17,376	590	26	-\$5,081	-358	2,691
1983	20,682	17,991	—	1,121	1,569	18,177	17,524	625	28	—	2,505	5,195
1984	17,309	15,945	\$190	—	1,174	18,546	17,898	626	22	—	-1,237	3,959
1985	19,301	17,191	222	1,017	870	19,478	18,827	608	43	2,540	2,363	6,321
1986	19,439	18,399	238	—	803	20,522	19,853	600	68	2,541	1,459	7,780
1987	20,303	19,691	*36	—	648	21,425	20,519	849	57	—	-1,122	6,658
1988	22,699	22,039	61	—	600	22,494	21,695	737	61	—	206	6,864
Alternative II-A:												
1989	25,148	24,230	208	—	711	23,676	22,922	717	37	—	1,472	8,336
1990	30,133	28,804	243	84	1,002	24,906	24,100	762	44	—	5,227	13,563
1991	32,513	30,755	276	—	1,483	26,272	25,437	799	36	—	6,242	19,804
1992	34,849	32,574	306	—	1,969	27,796	26,920	837	39	—	7,053	26,858
1993	37,259	34,472	337	—	2,450	29,524	28,606	878	40	—	7,735	34,593
Alternative II-B:												
1989	25,154	24,232	208	—	714	23,676	22,922	717	37	—	1,478	8,341
1990	30,024	28,670	245	111	998	25,172	24,365	762	44	—	4,852	13,194
1991	32,408	30,647	280	—	1,481	26,682	25,842	803	38	—	5,726	18,920
1992	34,866	32,565	314	—	1,987	28,498	27,609	846	42	—	6,368	25,288
1993	37,580	34,706	350	—	2,505	30,584	29,645	893	45	—	6,976	32,265

See following page for footnotes.

*Beginning in 1983, includes government contributions on deemed wage credits for military service in 1957 and later. The amount shown for 1983 includes, in addition to the annual contributions on 1983 wage credits, a net amount of \$402 million representing (1) retroactive contributions on deemed wage credits for military service in 1957-82, less (2) all reimbursements received prior to 1983 for the costs of such credits. An adjustment to these amounts totaling \$62 million was transferred to the trust fund from the general fund of the Treasury in 1984.

*Includes payments (1) in 1966 and later, for costs of noncontributory wage credits for military service performed before 1957; and (2) in 1971-82, for costs of deemed wage credits for military service performed after 1956.

*Net interest includes net profits or losses on marketable investments. Beginning in 1967, administrative expenses are charged currently to the trust fund on an estimated basis, with a final adjustment, including interest, made in the following fiscal year. The amounts of these interest adjustments are included in net interest. For years prior to 1967, a description of the method of accounting for administrative expenses is contained in the 1970 Annual Report. Beginning in 1983, these figures reflect payments from a borrowing trust fund to a lending trust fund for interest on amounts owed under the interfund borrowing provisions. Also, beginning in 1983, interest paid from the trust fund to the general fund on advance tax transfers is

reflected. The amount shown for 1983 includes \$660 million in interest on (1) retroactive government contributions on deemed wage credits for military service in 1957-82, and (2) unnegotiated benefit checks issued before 1983. The amount shown for 1984 includes an interest adjustment of \$169 million on government contributions on deemed wage credits for military service in 1957-83. The amount shown for 1985 includes an interest adjustment of \$14.8 million on unnegotiated checks issued before April 1985.

*Beginning in 1966, includes payments for vocational rehabilitation services furnished to disabled persons receiving benefits because of their disabilities. Beginning in 1983, amounts are reduced by amount of reimbursement for unnegotiated benefit checks. The amount shown for 1983 is reduced by \$48 million for all unnegotiated checks issued before 1983; reductions in subsequent years are relatively small.

*Negative figure represents amounts lent by the DI Trust Fund to the OASI Trust Fund. Positive figures represent repayment of these amounts.

*Reflects \$195 million in transfers from the DI Trust Fund to the general fund of the Treasury to correct estimated amounts transferred for calendar years 1984 and 1985.

TABLE 22.—OPERATIONS OF THE OASI AND DI TRUST FUNDS, COMBINED, DURING SELECTED FISCAL YEARS 1960-88 AND ESTIMATED FUTURE OPERATIONS DURING FISCAL YEARS 1989-93 ON THE BASIS OF THE INTERMEDIATE SETS OF ASSUMPTIONS
(In millions)

Fiscal year ¹	Income					Disbursements						Funds at end of period
	Total	Net contributions ²	Income from taxation of benefits	Payments from the general fund of the Treasury ³	Net interest ⁴	Total	Benefit payments ⁵	Administrative expenses	Transfers to Railroad Retirement program	Interfund borrowing transfers ⁶	Net increase in funds	
Past experience:												
1960	\$11,394	\$10,830	—	—	\$564	\$11,606	\$10,798	\$234	\$574	—	-\$212	\$22,996
1965	17,681	17,032	—	—	648	17,456	16,618	379	459	—	224	22,187
1970	36,127	34,096	—	\$458	1,572	30,275	29,063	623	589	—	5,851	37,720
1975	66,677	63,374	—	499	2,804	64,658	62,547	1,101	1,010	—	2,018	48,138
1980	117,427	114,413	—	675	2,339	118,548	115,624	1,494	1,430	—	-1,121	32,246
1981	134,565	131,606	—	670	2,289	139,584	136,267	1,703	1,614	—	-5,019	27,226
1982	148,027	145,113	—	843	2,072	155,963	152,097	2,046	1,820	—	-7,936	19,290
1983	170,280	155,163	—	7,391	7,725	170,058	165,569	2,210	2,279	\$12,437	12,660	31,950
1984	178,461	172,946	\$2,275	125	3,114	178,199	173,603	2,170	2,426	—	262	32,212
1985	197,865	192,181	3,368	105	2,211	188,504	183,959	2,192	2,353	-1,824	7,538	39,750
1986	215,461	205,146	3,558	3,310	3,447	198,730	193,869	2,209	2,653	-10,613	6,117	45,867
1987	226,893	218,878	3,307	69	4,638	207,323	202,430	2,279	2,614	—	19,570	65,437
1988	258,090	248,145	3,390	55	6,500	219,290	213,907	2,532	2,851	—	38,800	104,237
Alternative II-A:												
1989	286,724	272,450	3,923	43	10,308	232,176	226,968	2,342	2,865	—	54,548	158,785
1990	313,998	293,806	4,452	34	15,707	246,640	241,182	2,413	3,046	—	67,358	226,143
1991	340,838	313,562	4,929	465	21,882	262,164	256,473	2,520	3,171	—	78,674	304,817
1992	364,367	330,825	5,361	21	28,161	276,586	270,605	2,619	3,362	—	87,781	392,598
1993	392,897	352,563	5,791	16	34,507	291,000	284,804	2,718	3,478	—	101,897	494,494
Alternative II-B:												
1989	287,112	272,810	3,923	43	10,337	232,177	226,969	2,342	2,865	—	54,936	159,173
1990	312,824	292,390	4,491	34	15,909	248,733	243,272	2,413	3,049	—	64,091	223,263
1991	340,408	312,393	5,006	945	22,064	266,197	260,453	2,527	3,217	—	74,210	297,474
1992	364,955	330,590	5,497	21	28,847	283,509	277,423	2,641	3,444	—	81,446	378,920
1993	396,120	354,490	6,009	16	35,605	301,841	295,469	2,760	3,612	—	94,279	473,199

See following page for footnotes.

⁴Under the Congressional Budget Act of 1974 (Public Law 93-344), fiscal years 1977 and later consist of the 12 months ending on September 30 of each year. The act further provides that the calendar quarter July-September 1976 is a period of transition from fiscal year 1976, which ended on June 30, 1976, to fiscal year 1977, which began on October 1, 1976.

⁵Beginning in 1983, includes government contributions on deemed wage credits for military service in 1957 and later. The amount shown for 1983 includes, in addition to the annual contributions on 1983 wage credits, a net amount of \$5,790 million representing (1) retroactive contributions on deemed wage credits for military service in 1957-82, less (2) all reimbursements received prior to 1983 for the costs of such credits. An adjustment to these amounts totaling \$528 million was transferred to the trust funds from the general fund of the Treasury in 1984.

⁶Includes payments (1) in 1947-52 and in 1967 and later, for costs of noncontributory wage credits for military service performed before 1957; (2) in 1972-83, for costs of deemed wage credits for military service performed after 1956; and (3) in 1969 and later, for costs of benefits to certain uninsured persons who attained age 72 before 1968.

⁷Net interest includes net profits or losses on marketable investments. Beginning in 1967, administrative expenses are charged currently to the trust funds on an estimated basis, with a final adjustment, including interest, made in the following fiscal year. The amounts of these interest adjustments are included in net interest. For years prior to 1967, a description of the

method of accounting for administrative expenses is contained in the 1970 Annual Report. Beginning in 1983, these figures reflect payments from a borrowing trust fund to a lending trust fund for interest on amounts owed under the interfund borrowing provisions. Also, beginning in 1983, interest paid from the trust funds to the general fund of the Treasury on advance tax transfers is reflected. The amount shown for 1983 includes \$7,337 million in interest on (1) retroactive government contributions on deemed wage credits for military service in 1957-82, and (2) unnegotiated benefit checks issued before 1983. The amount shown for 1984 includes an interest adjustment of \$1,901 million on government contributions on deemed wage credits for military service in 1957-83. The amounts shown for 1985 and 1986 include interest adjustments of \$91.3 million and \$11.5 million, respectively, on unnegotiated checks issued before April 1985.

⁸Beginning in 1967, includes payments for vocational rehabilitation services furnished to disabled persons receiving benefits because of their disabilities. Beginning in 1983, amounts are reduced by amount of reimbursement for unnegotiated benefit checks. The amount shown for 1983 is reduced by \$336 million for all unnegotiated checks issued before 1983; reductions in subsequent years are relatively small.

⁹Positive figure represents amounts lent to the OASI Trust Fund from the HI Trust Fund. Negative figures represent amounts repaid from the OASI Trust Fund to the HI Trust Fund.

TABLE 23.—OPERATIONS OF THE OASI AND DI TRUST FUNDS, COMBINED, DURING SELECTED CALENDAR YEARS 1960-88 AND ESTIMATED FUTURE OPERATIONS DURING CALENDAR YEARS 1989-93 ON THE BASIS OF THE INTERMEDIATE SETS OF ASSUMPTIONS
[In millions]

Calendar year	Income					Disbursements							Funds at end of period
	Total	Net contributions ¹	Income from taxation of benefits	Payments from the general fund of the Treasury ²	Net interest ³	Total	Benefit payments ⁴	Administrative expenses	Transfers to Railroad Retirement program	Interfund borrowing transfers ⁵	Net increase in funds		
Past experience:													
1960	\$12,445	\$11,876	—	—	\$569	\$11,798	\$11,245	\$240	\$314	—	\$647	\$22,613	
1965	17,857	17,205	—	—	651	19,167	18,311	418	459	—	-1,331	19,841	
1970	36,993	34,737	—	\$465	1,791	33,108	31,884	635	589	—	3,886	38,068	
1975	67,640	64,259	—	515	2,866	69,184	67,022	1,152	1,010	—	-1,544	44,342	
1980	119,712	116,711	—	670	2,330	123,550	120,598	1,522	1,430	—	-3,838	26,453	
1981	142,438	139,364	—	843	2,231	144,352	140,995	1,743	1,614	—	-1,914	24,539	
1982	147,913	145,667	—	854	1,391	160,111	156,182	2,109	1,820	\$12,437	239	24,778	
1983	171,266	156,328	—	6,662	8,276	171,177	166,744	2,153	2,279	—	89	24,867	
1984	186,637	180,066	\$3,025	105	3,440	180,429	175,739	2,264	2,426	—	6,208	31,075	
1985	203,540	194,149	3,430	3,220	2,741	190,628	186,075	2,200	2,353	-1,824	11,088	42,163	
1986	216,833	209,140	3,662	160	3,871	201,522	196,667	2,202	2,653	-10,613	4,698	46,861	
1987	231,039	222,425	3,221	55	5,338	209,093	204,106	2,373	2,614	—	21,946	68,807	
1988	263,469	251,814	3,445	43	8,168	222,514	217,149	2,513	2,851	—	40,955	109,762	
Alternative II-A:													
1989	294,092	277,039	4,061	34	12,957	235,707	230,523	2,319	2,865	—	58,385	168,147	
1990	322,942	299,166	4,585	465	18,726	250,376	244,891	2,440	3,046	—	72,566	240,713	
1991	347,834	317,756	5,041	21	25,017	265,908	260,192	2,545	3,171	—	81,926	322,639	
1992	373,418	336,627	5,470	16	31,305	280,150	274,143	2,644	3,362	—	93,268	415,907	
1993	399,792	356,234	5,898	12	37,648	294,575	288,355	2,741	3,478	—	105,218	521,124	
Alternative II-B:													
1989	294,222	277,055	4,061	34	13,072	235,708	230,524	2,319	2,865	—	58,514	168,277	
1990	322,219	297,744	4,637	945	18,892	253,167	247,677	2,442	3,049	—	69,051	237,328	
1991	347,244	316,683	5,126	21	25,414	270,337	264,564	2,556	3,217	—	76,907	314,235	
1992	374,361	336,550	5,622	16	32,173	287,885	281,770	2,671	3,444	—	86,476	400,711	
1993	404,063	358,688	6,138	12	39,225	306,423	300,022	2,789	3,612	—	37,640	498,352	

See following page for footnotes.

¹Beginning in 1983, includes government contributions on deemed wage credits for military service in 1957 and later. The amount shown for 1983 includes, in addition to the annual contributions on 1983 wage credits, a net amount of \$5,790 million representing (1) retroactive contributions on deemed wage credits for military service in 1957-82, less (2) all reimbursements received prior to 1983 for the costs of such credits. An adjustment to these amounts totaling \$328 million was transferred to the trust funds from the general fund of the Treasury in 1984.

²Includes payments (1) in 1947-51 and in 1966 and later, for costs of noncontributory wage credits for military service performed before 1957; (2) in 1971-82, for costs of deemed wage credits for military service performed after 1956; and (3) in 1968 and later, for costs of benefits to certain uninsured persons who attained age 72 before 1968.

³Net interest includes net profits or losses on marketable investments. Beginning in 1967, administrative expenses are charged currently to the trust funds on an estimated basis, with a final adjustment, including interest, made in the following fiscal year. The amounts of these interest adjustments are included in net interest. For years prior to 1967, a description of the method of accounting for administrative expenses is contained in the 1970 Annual Report. Beginning in 1983, these figures reflect payments from a borrowing trust fund to a lending trust

fund for interest on amounts owed under the interfund borrowing provisions. Also, beginning in 1983, interest paid from the trust funds to the general fund of the Treasury on advance tax transfers is reflected. The amount shown for 1983 includes \$7,337 million in interest on (1) retroactive government contributions on deemed wage credits for military service in 1957-82, and (2) unnegotiated benefit checks issued before 1983. The amount shown for 1984 includes an interest adjustment of \$1,901 million on government contributions on deemed wage credits for military service in 1957-83. The amount shown for 1985 includes an interest adjustment of \$102.8 million on unnegotiated checks issued before April 1985.

⁴Beginning in 1966, includes payments for vocational rehabilitation services furnished to disabled persons receiving benefits because of their disabilities. Beginning in 1983, amounts are reduced by amount of reimbursement for unnegotiated benefit checks. The amount shown for 1983 is reduced by \$336 million for all unnegotiated checks issued before 1983; reductions in subsequent years are relatively small.

⁵Positive figure represents amounts lent to the OASI Trust Fund from the HI Trust Fund. Negative figures represent amounts repaid from the OASI Trust Fund to the HI Trust Fund.

D. ACTUARIAL ANALYSIS OF BENEFIT DISBURSEMENTS FROM THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND WITH RESPECT TO DISABLED BENEFICIARIES

(Required by section 201(c) of the Social Security Act)

Effective January 1957, monthly benefits have been payable from the OASI Trust Fund to disabled children aged 18 and over of retired and deceased workers in those cases for which the disability began before age 18. The age before which disability is required to have begun was subsequently changed to age 22. Effective February 1968, reduced monthly benefits have been payable from this trust fund to disabled widows and widowers at ages 50 and above.

On December 31, 1988, about 640,000 persons were receiving monthly benefits from the OASI Trust Fund because of their disabilities or the disabilities of children. This total includes 53,000 mothers and fathers (wives or husbands under age 65 of retired-worker beneficiaries and widows or widowers of deceased insured workers) who met all other qualifying requirements and were receiving unreduced benefits solely because they had disabled-child beneficiaries (or disabled children aged 16 or 17) in their care. Benefits paid from this trust fund to the persons described above totaled \$2,517 million in calendar year 1988. Table 24 shows these and similar figures for selected calendar years during 1960-88, and estimated experience for 1989-93.

TABLE 24.— BENEFITS PAYABLE FROM THE OASI TRUST FUND WITH RESPECT TO DISABLED BENEFICIARIES, SELECTED CALENDAR YEARS 1960-93
(Beneficiaries in thousands; benefit payments in millions)

Calendar year	Disabled beneficiaries, end of year			Amount of benefit payments ¹		
	Total	Children ²	Widows-widowers	Total	Children ²	Widows-widowers ³
Past experience:						
1960.....	117	117	—	\$59	\$59	—
1965.....	214	214	—	134	134	—
1970.....	316	281	36	301	260	\$41
1975.....	435	376	59	664	560	104
1980.....	519	460	59	1,223	1,097	126
1981.....	527	473	54	1,421	1,296	125
1982.....	533	484	49	1,566	1,451	115
1983.....	550	504	46	1,691	1,581	110
1984.....	574	528	47	1,882	1,707	175
1985.....	594	547	47	2,043	1,860	183
1986.....	614	565	49	2,198	2,001	197
1987.....	629	580	49	2,314	2,111	203
1988.....	640	591	49	2,517	2,292	225
Alternative II-A:						
1989.....	655	607	48	2,692	2,461	231
1990.....	669	622	48	2,876	2,635	241
1991.....	684	636	48	3,078	2,826	252
1992.....	699	651	48	3,278	3,009	269
1993.....	715	666	49	3,482	3,197	285
Alternative II-B:						
1989.....	655	607	48	2,692	2,461	231
1990.....	669	622	48	2,908	2,665	244
1991.....	684	636	48	3,130	2,874	256
1992.....	699	651	48	3,368	3,093	275
1993.....	715	666	49	3,622	3,327	295

¹Beginning in 1966, includes payments for vocational rehabilitation services.

²Also includes certain mothers and fathers (see text).

³In 1983 and prior years, reflects the offsetting effect of lower benefits payable to disabled widows and widowers who continue to receive benefits after attaining age 60 (62, for disabled widowers, prior to 1973) as compared to the higher nondisabled widow's and widower's benefits that would otherwise be payable.

Total benefit payments from the OASI Trust Fund with respect to disabled beneficiaries are estimated to increase from \$2,692 million in

calendar year 1989 to \$3,482 million in calendar year 1993, based on alternative II-A, and to \$3,622 million in calendar year 1993, based on alternative II-B.

In calendar year 1988, benefit payments (including expenditures for vocational rehabilitation services) with respect to disabled persons from the OASI Trust Fund and from the DI Trust Fund (including payments from the latter fund to all children and spouses of disabled-worker beneficiaries) totaled \$24,225 million, of which \$2,517 million, or 10.4 percent, represented payments from the OASI Trust Fund. These and similar figures for selected calendar years during 1960-88 and estimates for calendar years 1989-93 are presented in table 25.

TABLE 25.—BENEFIT PAYMENTS UNDER THE OASDI PROGRAM WITH RESPECT TO DISABLED BENEFICIARIES, BY TRUST FUND, SELECTED CALENDAR YEARS 1960-93
(Amounts in millions)

Calendar year	Total ¹	DI Trust Fund ²	OASI Trust Fund	
			Amount ³	Percentage of total
Past experience:				
1960.....	\$627	\$568	\$59	9.4
1965.....	1,707	1,573	134	7.9
1970.....	3,386	3,085	301	8.9
1975.....	9,169	8,505	664	7.2
1980.....	16,738	15,515	1,223	7.3
1981.....	18,613	17,192	1,421	7.6
1982.....	18,942	17,376	1,566	8.3
1983.....	19,215	17,524	1,691	8.8
1984.....	19,782	17,900	1,882	9.5
1985.....	20,879	18,836	2,043	9.8
1986.....	22,054	19,856	2,198	10.0
1987.....	22,841	20,527	2,314	10.1
1988.....	24,225	21,708	2,517	10.4
Alternative II-A:				
1989.....	25,615	22,923	2,692	10.5
1990.....	26,979	24,103	2,876	10.7
1991.....	28,519	25,441	3,078	10.8
1992.....	30,202	26,923	3,278	10.9
1993.....	32,092	28,610	3,482	10.9
Alternative II-B:				
1989.....	25,614	22,923	2,692	10.5
1990.....	27,277	24,369	2,908	10.7
1991.....	28,976	25,846	3,130	10.8
1992.....	30,982	27,613	3,368	10.9
1993.....	33,272	29,649	3,622	10.9

¹Beginning in 1966, includes payments for vocational rehabilitation services.

²Benefit payments to disabled workers and their children and spouses.

³Benefit payments to disabled children aged 18 and over, to certain mothers and fathers (see text), and to disabled widows and widowers (see footnote 3, table 24).